



CITY OF ATLANTA

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Mayor

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DEPARTMENT OF PROCUREMENT
Adam L. Smith, Esq., CPPO, CPPB, CPPM, CPP
Chief Procurement Officer
asmith@atlantaga.gov

October 27, 2014

INTERESTED BIDDER:

**Re: FC-7696, Commercial Advertising at Hartsfield-Jackson
Atlanta International Airport**

Attached is one (1) copy of **Addendum No. 2**, which is hereby made a part of the above-referenced project.

For additional information, please contact the following personnel for the respective solicitation: for FC-7696, Kiondria Walker, Contracting Officer at (404) 330-6654, or via email at kmwalker@atlantaga.gov.

Sincerely,

A handwritten signature in black ink that reads "Adam L. Smith".

Adam L. Smith

ALS:kaw

Addendum No. 2

**Re: FC-7696, Commercial Advertising at Hartsfield-Jackson at
Hartsfield-Jackson Atlanta International Airport**

October 27, 2014

Page 2

This Addendum forms a part of the Invitation to Bid and modifies the original package as noted below:

-
- Answers questions from qualified bidders for this ITB;
 - Modifies various sections of the ITB; and
 - Extends the Bid Due Date for this Invitation to Bid.
-

Responses are now due **Thursday, November 20, 2014**, and should be time stamped no later than 2:00 p.m. EST on this day, and delivered to the address below:

Adam L. Smith, Esq., CPPO, CPPB, CPPM, CPP
Chief Procurement Officer
Department of Procurement
55 Trinity Avenue, S.W.
City Hall, Suite 1900
Atlanta, Georgia 30303

.....
NO FURTHER QUESTIONS WILL BE ACCEPTED AT THIS TIME
*****All other information remains unchanged*****

Addendum No. 2

**Re: FC-7696, Commercial Advertising at Hartsfield-Jackson at
Hartsfield-Jackson Atlanta International Airport**

October 27, 2014

Page 3

Acknowledgement of Addendum No. 2

Bidders must sign below and return this form with its bid to the Department of Procurement, 55 Trinity Avenue, City Hall, Suite 1900, Atlanta, Georgia 30303 as acknowledgement of receipt of this addendum on this _____ day of _____, 2014.

Legal Company Name of Respondent

Signature of Authorized Representative

Title

Date

MODIFICATIONS ARE INDICATED IN BOLD ITALIC FACE TYPE
PROJECT NUMBER FC-7696 – COMMERCIAL ADVERTISING (ITB)
ADDENDUM #2

1. ***Delete in its entirety:*** Part 3 Services Agreement, Section 3 “Term”.

Replace with the following:

3. **Term.**

- 3.1. **Term.** The term of this Agreement is ten (10) years and shall commence on the Effective Date and end on [_____] (“Initial Term”). The Initial Term as the same may be extended by any extensions or renewals is hereinafter referred to as the “Term.”

- 3.2. **Commencement Date.** The “Commencement Date” shall be on the 61st day following the Effective Date as described above.

- 3.3. **Renewal Option.** City has one (1) option to renew the Term for three (3) years. The renewal option may be exercised by the City giving Service Provider written notice at least one (1) year prior to the expiration of the then current Term. City has the right to exercise its renewal option one at a time, if authorized by City Council, or collectively at any time during the Term. Service Provider acknowledges and agrees that it may not provide any of the Services after the expiration or earlier termination of this Agreement without the written consent of the Aviation General Manager.

Holdover. In the event Service Provider holds over beyond the expiration or earlier termination of this Agreement without the written approval of the City, then this Agreement shall be deemed a month-to-month agreement and Service Provider shall be a tenant at sufferance. Additionally, all Rent (and any other charges) payable by Service Provider to the City shall automatically increase to 125% of the then current Rent and charges.

2. ***Delete in its entirety:*** Exhibit A, Scope of Services, Section 3, Subsection (e)(i)(h)

Replace with the following:

Service Provider must submit to the City’s Concessions Department each proposed advertising contract at least ten (10) days prior to its effective date for the design approval.

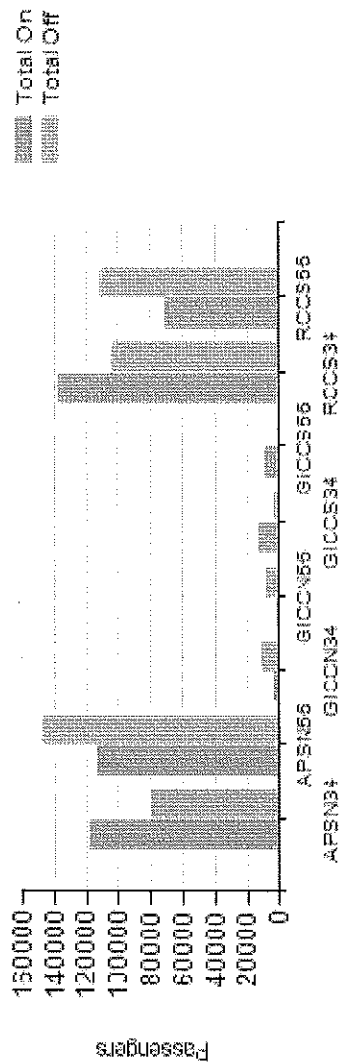
3. ***Delete in its entirety:*** Exhibit A, Scope of Services, Section 2, Subsection (j).

Replace with the following: Airport Clocks: Contractor shall replace all of the existing clocks located in the Airport with digital clocks that are synchronized to each other and

with the Tower Clock located in the Airport's atrium. Contractor shall purchase, install, configure and maintain all clocks so that each is synchronized with a 72MHz transmitter or as otherwise designated by the Airport. New transmitter(s) shall be purchased, installed and configured to ensure that all new clocks are synced with the transmitter(s). The transmitter(s) shall be strategically placed in DIT's IDF (see Exhibit A.1) to ensure that all clocks in the Airport display the correct time. A sponsor's name may be placed on the clock tower and new digital clocks

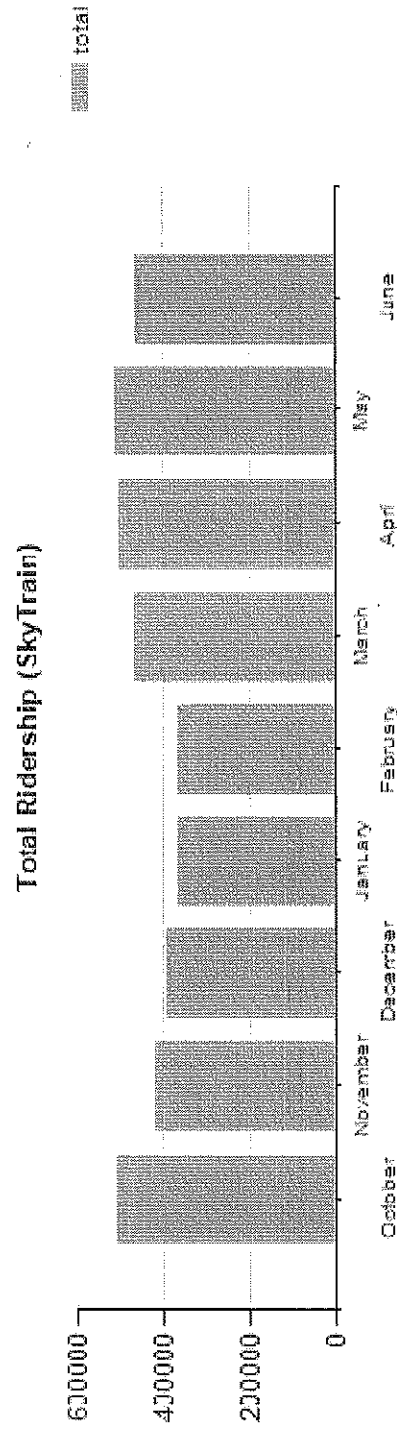
ATTACHMENT 1: SKYTRAIN FY2014 MONTHLY RIDERSHIP- JUNE

Passenger Count For June Year 2014



Modem Name	Door1Off	Door2Off	Door1On	Door2On	Total Off	Total On
APSN34	36120	43021	67702	49179	79141	116881
APSN56	63732	83869	47205	64858	147601	112063
GICCN34	4538	6214	1099	1211	10752	2310
GICCN56	4571	3513	1088	1072	8084	2160
GICCS34	1766	1098	6510	5457	2864	11967
GICCS56	794	688	4243	4712	1482	8955
RCCS34	50889	52932	82266	55041	103821	137307
RCCS56	46786	64121	39561	31595	110907	71156
Total	209196	255456	249674	213125	464652	462799

ATTACHMENT 2: SKYTRAIN FY2014 RIDERSHIP



Month	Total
October	506,273
November	417,632
December	392,838
January	366,058
February	365,894
March	466,939
April	503,472
May	511,107
June	462,791
FY2014 Total	3,993,004

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ADDENDUM #2
PROJECT NUMBER FC-7696 – COMMERCIAL ADVERTISING (ITB)

The following questions and/or clarifications were requested by various Contractors:

1. The present Airport Advertising Concessions Contract expires (per the statement from Sam Hart of Clear Channel Airports of Georgia) March 31, 2015. It is an extension of the 1997 contract (?) that carried forward through the 2002 effort and subsequent legal actions.

To maximize revenue CCA of GA must continue to aggressively market and sell advertising and invest in displays of varying types and costs and with varying 'useful' lives.

While the present concession's contract calls for turning over these improvements for their book value i.e. remaining useful life not yet depreciated, it seems to me that the City should be more specific for its own benefit and the benefit of the present concessionaire and its successor even if the present concessionaire succeeds itself with a different ACDBE partner.

To the extent the present concessionaire knows that the capital investment, and operating profits accruing therefrom will, from present day to last day, not cause it monetary harm it will continue to operate on its present aggressive going business concern basis.

To the extent the successor concessionaire must begin payments of its MAG immediately following award it will benefit by acquiring the revenue producing advertising displays from which the City will receive 65%, minimum against the MAG.

Therefore, I recommend that as an addendum to Section 11.7 of the present contract and as part of the requirement for the ITB, the following language be added to 11.7 and / or be inserted as a requirement of the ITB.

"... the City must compensate Concessionaire in the event any successor in interest to this Contract, upon a new award, elects to use any of the equipment and improvements constructed and installed by Concessionaire. The City shall pay Concessionaire a sum equal to the actual price paid by any successor in interest to the City such amount being determined via current value of future cash flow or other such mutually acceptable FMV instrument or calculation."

I trust you will agree with the correctness of this approach FBO [sic] all involved. While a contract may expire the business of the City goes on!

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

2. I am concerned that there may be misunderstanding, despite the correctness of Ms. Hawkins remarks, about 'how' the ACDBE percent participation is judged. The question posed asked "may a 25% financial partner doing 2% of the work be considered 'qualified' as an ACDBE?" I asked the reverse. My concern is that if a 25% financial investor doing 2% of the work 'qualifies' that defeats the purpose of ACDBE? And, it may compromise the meaning and function of the First Source Job Program?

Response: The intent of the ACDBE Program is to ensure all minority partners are performing their proportionate amount of scope of services.

3. Section 11(g) of Part 1: Information and Instructions to Bidders, provides for Minimum Annual Rental Increases; however, Section 12 (Rent and Payment Procedures) of the form Service Agreement does not include a provision which provides for Minimum Annual Rental Increases. Accordingly, will the final Service Agreement include a provision which clearly defines the referenced Minimum Annual Rental Increases (as noted in Section 11(g) of the ITB)?

Response: The Services Agreement adequately includes provisions regarding annual rental increases.

4. Additionally, please confirm that the first year MAG, as submitted by Bidders on Exhibit A.2 of the ITB and as accepted by the City, will be the minimum required MAG for contract years (2) two through (10) ten, and that any MAG adjustments will not operate to decrease the MAG obligation in any contract year below the first year MAG obligation.

Response: Please see Part 1, Section 11, Subsection g-1 of the Invitation to Bid and Exhibit A.2 of the Services Agreement as it relates to the MAG for Year 1 and Years 2 through 10.

5. It is our intention to assess every aspect of the designated advertising display program in order to provide the most lucrative and realistic bid to the City. This will take meeting with our vendors and suppliers to derive accurate capital projections. Digital display suppliers, network providers, static display manufacturers, clock manufacturers, and installers will all be part of this mix. Unfortunately, it is impossible for us to meet with all required folks in the timeframe outlined in the bid process to meet the question deadline. Will the City extend the question deadline and possibly adjust the bid response schedule to allow bidders more time to evaluate the project?

Response: Please refer to Addendum #1.

6. As part of our evaluation of the above referenced ITB, we would respectfully request clarification on the following items:

The evaluation of the cost of removing the existing advertising program, repairing the walls and floors, as well as installing a new program requires a significant amount of work and time, and will have a material impact on the financial offer that can be made. Please consider extending the Bid Due Date by four weeks in order to establish a level-playing field between the incumbent and other potential bidders.

Response: The bid due date has been extended until November 20, 2014, no later than 2:00PM.

PART 1 – INFORMATION AND INSTRUCTIONS TO BIDDERS

7. Page 10 – Section 2 – Services Being Procured

One of the stated goals of the advertising program is to “utilize high-quality, state-of-the-art advertising techniques in order to increase the overall success of the Airport’s advertising program”. Unfortunately, the advertising program specified in the Invitation to Bid will not meet that goal. This program primarily uses the same locations and display sizes of the current advertising program, which has shown its limitations. Over the past 19 years, the current display program never generated more than \$0.14 in advertising revenue per passenger, placing it at a distant 15th position among large US airports, far behind the likes of JFK (\$0.79), LAX (\$0.42) or MIA (\$0.40). Walking the concourses at Hartsfield-Jackson Atlanta International Airport and looking at the advertising displays provides a blaring demonstration of the lack of success of that program, with a very large majority of the signs displaying public service announcements.

Simply introducing digital technology in medium-size landscape formats at existing side-on locations will not suffice to make the program state-of-the-art and more attractive to advertisers. What advertisers expect today are high-impact static and digital displays in highly visible locations, domination packages in the highest traffic areas and exhibit areas for experiential marketing.

In order to make the achievement of the ITB’s stated goals possible, we strongly recommend that the City allow more flexibility to bidders and let them propose the type, size and technology of the displays they would install at each location included in the ITB, including the option of not utilizing all of the proposed locations.

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

8. Page 10 – Section 3 – Method of Source Selection

Section 2-1188 of the Atlanta Code of Ordinances specifies in subsection (h) Bid evaluation “The invitation for bids shall set forth the evaluation criteria to be used”. Please indicate what evaluation criteria shall be considered in the evaluation of the proposals submitted in

response to this solicitation, and the numerically weighted importance of each criteria. Will MAG be the sole determinant of the award?

Response: If all Bidders are responsive in accordance with those criteria outlined in the Invitation to Bid, then the first year financial offer will be the sole determinant of award.

9. Page 12 – Section 9 – Procurement Questions

Please clarify who would qualify as “third-party representatives of City” under the no-contact requirement in this section.

Response: At the present time, there are no designated “third-party representatives of City.” In the event this changes, the Department of Procurement will provide public notice accordingly. The sole contact for this Invitation to Bid is listed in Part 1, Section 9.

10. Page 14 – Section 11.g – Financial Offer

Based on historic advertising revenue at the airport and the mandated advertising program, the required \$10 million minimum MAG bid is unrealistic. Using the \$13 million in advertising revenue in 2012 as a base, the minimum MAG represents percentage fee payments to the City of 76.9%. Please consider revising that amount to a lower level.

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

PART 3 – FORM OF SERVICES AGREEMENT

11. Page 41 – Section 6.2.5

Please define “Commencement Date”.

Response: Please see the changes referenced above.

12. Page 6.3.4 – Liquidated Damages

Unlike retail concessions with a single or a couple of business locations, the advertising program could count up to 300 locations equipped with various advertising displays. As formulated, this provision could result in significant liquidated damages even if just one or a handful of locations were not fully installed by the contractual deadline. Please consider revising by dividing the \$5,000 amount by the number of locations to be installed, and applying the damages on a location-by-location basis.

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

13. Page 55 – Section 12.3 – Gross Revenue

On occasion advertisers request the Service Provider perform special services for the installation or execution of their campaign, which services are usually subcontracted to a third party. In some instances, the corresponding costs are paid by the Service Provider to that third party, and invoiced back to the advertising client together with the media fee.

Please consider allowing the deduction of such amounts from Gross Revenue ("pass-through costs").

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

14. Page 83 – Section 2. (o) – Timing

Based on procurement lead times for custom-designed and built digital displays, the requirement that 80% of the improvements be completed within six months of the Commencement Date is not realistic unless the Commencement Date is set at the time when the program has been fully agreed upon between the City and the Service Provider. Should the Commencement Date be set at the same time as the Effective Date, please consider extending the 6-months requirement to 9-months.

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

15. Page 87 – Section 3. (e.i.h) – Advertising Contracts

The 30-day minimum requirement is not consistent with industry practice and would significantly hamper the Service Provider's ability to maximize revenue by securing last-minute deals with advertisers. Even for campaigns that have been booked far in advance, it is not uncommon for advertisers to finalize their advertising copy design very close to the posting date. Please consider reducing the 30-day requirement to the 10-day industry standard.

Response: Please see the changes referenced above.

APPENDIX A: OFFICE OF CONTRACT COMPLIANCE REQUIREMENTS

16. Page 4 – ACDBE Contract Goals

Please indicate whether the equity participation of an ACDBE in a joint venture with the Service Provider will be counted towards the achievement of the 25% participation goal independent of the actual work performed by the ACDBE partner.

Response: Please see response to question #2 above.

17. Will the local preference program set forth in Section 2-1188.1 of the City Code of Ordinances apply to this Invitation to Bid?

Response: No.

18. Upon the opening of the bids, will the Financial Offer of each bid be read to the public?

Response: Yes.

19. Many advertising contracts provide for termination when the concessionaire's contract with the airport authority ends. It would take a winning Bidder months to replace those

contracts. Will the city provide each Bidder with copies of the existing advertising agreements (Exhibit H) to be assigned to the winning Bidder prior to October 15th?

Response: The Services Agreement requires the advertising contracts to be transferrable to the new contractor.

20. If a Bidder forms a Joint Venture and obtains an Employer Identification Number from the IRS for the Joint Venture, should the Joint Venture submit a single Contractors Affidavit in the name of the Joint Venture or do each of the Joint Venture partners need to submit separate Contractors Affidavits?

Response: Please follow the instructions on Page 1 of Form 1 which provides examples of when separate Contractors Affidavits are required.

21. How were the advertising locations and display equipment selected and by whom?

Response: DOA elects not to answer this question.

22. Were any outside consultants hired to assist in either the selection of advertising locations or the preparation of FC: 7696?

Response: No.

23. The timeline established by the Department of Procurement (DOP) for this bid is very short for a project of this magnitude. Will the DOP consider an extension of the date for bid submittal?

Response: Please refer to Addendum #1.

24. Are the terms and provisions set forth in the Services Agreement for Commercial Advertising at Hartsfield Jackson International Airport included as Part 3 in the Invitation to Bid subject to negotiation and change after the winning Bidder is notified of selection?

Response: Yes, but only minimally.

25. Paragraph 22.5 of the proposed agreement (Termination by the City for Convenience) allows the city to terminate the agreement at any time, without cause, and forces the concessionaire to waive any claims for damages. This is totally unjust, especially considering the huge capital investment that will be made by the Concessionaire. Will the city consider adding a provision to compensate the concessionaire for the unamortized costs for capital expenditures and/or provide for a termination fee to be paid to the concessionaire in the event of such termination?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

26. Will the winning bidder be free to source all suppliers to minimize expense and maximize profit for both the bidder and the City?

Response: Yes.

27. The Financial Offer form (Exhibit A.2) has a space for the first year's Minimum Annual Guarantee; however, paragraph 12.1 of the contract has blank spaces for each year of the initial term and the first year of the first renewal term. Should a Bidder submit only one number for the MAG during the first year of the term?

Response: Yes.

28. Given Mr. Judd's comments that he will be looking for participants to think "outside the box," how will bidders be allowed to demonstrate their "outside the box" ideas that will further leverage and create greater value for the contract over time?

Response: We expect our contractors to make recommendations on best practices during the term of the contract. At this stage, the Invitation to Bid is requesting proponents to submit a bid for the locations identified in the Invitation to Bid.

29. Can the existing and future (Clear Channel) advertising agreements be assumed by the winning bidder?

Response: Yes.

30. Will the winning bidder be expected to honor existing and future advertising agreements negotiated by Clear Channel?

Response: Yes.

31. Can the City supply potential bidders a comprehensive list of future and existing advertisers?

Response: Please see the changes referenced above.

32. Will the City supply potential bidders' copies of all existing and future advertising agreements and contracts? This is imperative if the new concessionaire is expected to honor the terms and special stipulations of existing advertisers.

Response: Please see response to question #31 above.

33. It is our experience in previous transitions that the existing concessionaire returns all advertising copy material and posters to the current advertisers. Given the City's objectives of a seamless transition, can the airport ensure that all advertising copy remains in the possession of the new concessionaire?

Response: The current and future Service Providers are required to maintain such information at all times and make available to the City upon request.

34. Many of the existing advertisers are involved in out-of-the-box opportunities (Swarovski, Country Inns, Verizon, etc.). Are there any special stipulations involved in these contracts which could impact the new advertising concession?

Response: Generally, there are no special stipulations involved in these contracts, however, each opportunity will be reviewed on a case by case basis.

35. It was mentioned during the pre-proposal meeting that a committee was developed by the HJIA staff to evaluate all existing and potential advertising locations throughout the terminals, airside and rental car facilities. Who comprised this committee?

Response: DOA elects not to answer this question.

- a. Did anyone on this committee have relevant experience in airport advertising or out-of-home media?

Response: DOA elects not to answer this question.

- b. Was the incumbent concessionaire consulted on the display locations?

Response: No.

36. The Clock Specifications outlined on Page 8 of the Technical Specifications are not conducive to advertising or branding messages. Will the airport relax or eliminate the clock specifications?

Response: Please see the changes referenced above.

37. Many locations are designated as Static Displays. Does this mean Dioramas? Or can other forms of static advertising display equipment be utilized?

Response: The specifications for static displays should be referenced in Attachment 1 to Exhibit A, Advertising Displays Matrix.

38. Some digital locations are designated as interactive. "Interactive" is a very general term.

- a. What type of interactivity does the airport desire?

Response: The DOA desires touch-screen digital locations that engage customers.

- b. Can the interactivity be optional?

Response: No.

39. What is the projected annual airport advertising media budget for the ATL Concession Marketing Program for 2015? 2016? And moving forward?

Response: This information is not available at this time.

40. Will the City guarantee a dollar amount (or percentage) to be spent in the advertising concession by the ATL Concession Marketing Program?

Response: No.

41. Can the 3 Sided Kiosks specified be 2 Sided?

Response: No.

42. Are all floor exhibit locations strong enough to safely support a standard size vehicle? We are especially concerned with the locations in the Rental Car Center.

Response: DOA expects all floor exhibit locations to support a standard sized vehicle but the successful proponent will verify during advertising review and approval.

43. Is there a limit to the size and weight of an exhibit?

Yes. The successful proponent will verify size and weight during advertising review and approval.

44. Can exhibits be staffed with promotions personnel? If so, what are the requirements/restrictions?

Response: This may be an option if previously approved by the Department of Aviation.

45. Ideally, the digital locations and video walls should be sold and marketed as a comprehensive network. Accordingly, it would be helpful to have all locations a uniform size and/or display aspect ratio. Will the airport consider a one-size fits all approach to the digital displays?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

46. Does the winning bidder have to build out all locations?

Response: For the purposes of the response to the Invitation to Bid, all bidders should anticipate build-out of all locations.

47. Why are the credit card booths on the Concourse levels excluded from this program?

Response: The credit card booths on the Concourse levels are not controlled by the City of Atlanta.

48. The City has designated 47 wall mounted video wall locations throughout the Terminal, Concourses and Rental Car Center. The City has restricted the video wall to the area above the wainscoting, which extends approximately 42" from the floor. To prevent hazards to people with vision impairments, the ADA provides standards which limit the projection of objects into circulation paths. Any wall-mounted display with leading edges over 27" high, must be limited to a 4" protrusion from the wall.

a. Given this requirement, would the City please confirm that, in each instance where the video walls are in the circulation paths, each of the walls supporting the displays would accommodate the recessing of the mounting support and screens to insure compliance with ADA?

Response: Yes. The successful proponent will verify size and weight during advertising review and approval.

49. Are the exterior displays subject to any local sign ordinances, permits or laws?

Response: If it is, the successful proponent shall abide by all applicable laws.

50. These questions are quite extensive. The City's responses are vital to this process and certainly will necessitate an additional need for clarifications. Would the City allow for a second round of questions once the responses have been issued?

Response: No, the City does not anticipate any need for a second round of questions.

ACDBE Questions:

51. As a qualified bidder, we will be forming an LLC or Joint Venture with our ACDBE partners to operate and manage the advertising concession. Should our bid be submitted by the Qualified Bidder or the LLC or Joint Venture?

Response: All bidders must adhere to the requirements stated in Part 1, Section 4b of the Invitation to Bid.

52. If a Bidder intends to operate and manage the advertising concession as a Joint Venture with an ACDBE firm, which of the six ACDBE forms in Appendix A should be included in our bid package?

Response: Please complete and remit all six forms in Appendix A.

53. How will the City evaluate how well a Prime/ACDBE can accomplish the 5 stated goals in the ITB?

Response: FC-7696 Commercial Advertising is an Invitation to Bid. An evaluation of how well a Prime/ACDBE can accomplish the stated goals will not be evaluated. The stated goals in the Invitation to Bid relate to contract performance only.

54. Will the City accept a narrative that allows the Prime and the ACDBE to outline the innovative elements of their plan that will leverage the airport's advertising program?

Response: FC-7696 Commercial Advertising is an Invitation to Bid. The narrative will not be evaluated by the City.

55. How will the City weight the relevant experience of the ACDBE relative to the program goals?

Response: The City of Atlanta does not evaluate the experience of proposed ACDBE partners, but all ACDBE partners must be properly certified through the Georgia Department of Transportation.

56. How can a legitimate ACDBE working as a joint venture partner in a mentee capacity carry an estimated \$5 million in capital costs and receivables for 9-15 months and still qualify as an ACDBE?

Response: This Invitation to Bid does not require the Bidder to form a joint venture for any reason including but not limited to satisfying the City of Atlanta's ACDBE requirement.

57. Does the City realize that if a Prime intends to mentor an ACDBE that wants to comprise 25% of the joint venture in order to have the opportunity to become firmly established in the airport advertising business, that ACDBE would be required under this ITB to carry a \$5 million liability?

Response: There is no joint venture requirement associated with this Invitation to Bid.

58. Will the City of Atlanta make any extra efforts in the Bid to support U.S. owned companies that employ American workers?

Response: FC-7696 Commercial Advertising is an Invitation to Bid. The firms invited to bid on this project have already been pre-qualified.

59. Given the City's focus on corporate citizenship that helps make Atlanta a vibrant place to live and work, will the resulting Bid contemplate any consideration for companies with a history of employment and community service within the City of Atlanta?

Response: FC-7696 Commercial Advertising is an Invitation to Bid. The firms invited to bid on this project have already been pre-qualified.

60. Will respondents be required to submit audited financial statements to ensure financial stability?

Response: No, the bidders are required to provide a full response as detailed in the Invitation to Bid.

61. Will any resulting Bid require respondents to demonstrate significant experience marketing and managing top 10 U.S. airport advertising programs?

Response: No, FC-7696 Commercial Advertising is an Invitation to Bid. The firms invited to bid on this project have already been pre-qualified.

62. If questions are submitted by qualified firms close to or on the due date of 9/30/2014, even if answers are handled extremely expeditiously, depending on the potential impact of answers, firms will not have time to appropriately adjust their Bid responses before the due date of 10/15/2014. Can the City please adjust the due date for questions and/or extend the due date for Bid responses to allow a minimum of four (4) weeks between the time questions will be answered and Bid responses are due?

Response: The bid due date has been extended until November 20, 2014, no later than 2:00PM.

63. Can the City please define Commencement Date and indicate expectations for the timing of the Commencement Date relative to expectations for the Effective Date and the date that all improvements would be required to be made.

Response: Please see the changes referenced above. Additionally, please see Exhibit A, Scope of Services, Section 2, Subsection o.

64. Is it the City's intent that the bid first year MAG is in place and being paid to the City during the construction of improvements and before all improvements are completed? If so, will the City modify this approach to allow a 365 day transition period from the time the contract is effective until the MAG Commencement Date for approvals and completion of improvements? This would mean the Bid first year MAG would then start on the 366th day after the contract Effective Date. If

not, will any transition period for the construction of improvements be considered before the MAG Commencement Date?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

65. What are/is the selection criteria for award? Is it solely "price", meaning the dollar value of the bid first year MAG? Is there something else that is taken into consideration in making the selection? Please clarify.

Response: If all Bidders are responsive in accordance with those criteria outlined in the Invitation to Bid, then the first year financial offer will be the sole determinant of award.

66. Is the selected proponent required to make all the improvements in all of the locations and the exact specifications presented in 1.0 thru 14.0 Advertisement Displays Matrix and related Advertisement Documents maps and pictures? If not, is there flexibility for the selected firm to develop just the areas it determines are most commercially viable and related to achieving financial objectives? Please explain.

Response: For the purposes of the response to the Invitation to Bid, all bidders should anticipate build-out of all locations. During the course of performance, DOA expects the contractor to make recommendations on best practices.

67. Is there flexibility for the selected firm to develop certain areas/elements in the Displays Matrix to different and improved technical specifications from the ones outline in the Advertisement Displays Matrix and as specified in the equipment technical specifications? Is this desirable to the City?

Response: Please see response to question #28 above.

68. In the recent past, it was made clear that airlines would not be permitted to advertise in external locations on the terminal such as locations M-EB1.1 and M-EB.2 in the Displays Matrix and Advertising Documents. Will this restriction remain for the new advertising program? Other things that were not permitted were existing large-format displays (6 x 6, 7 x 11) static and/or digital floor mounted units, which cover the lower portion of the wainscot. Can proponents rely on any of these restrictions be lifted relative to their responses.

Response: Please see response to question #28 above.

69. Exhibit A.2 and throughout the document it seems as if only the first year's MAG is biddable and following year MAGs are set at the first year MAG or 85% of the previous year's payment whichever is higher, yet the Initial Term chart on Page 54, Section 12.1 of the Services Agreement appears to require MAG numbers to be filled in for each year of the Term. Please clarify.

Response: Please see response to question #4 above.

70. Will the City provide traffic numbers (annual or monthly) of people using the Sky Train to the Gateway Center/Rental Car Center?

Response: Ridership numbers will be provided on a monthly basis upon request.

71. Please clarify the amount of the Bid Bond? Is it just 5% of the Year 1 MAG?

Response: Please follow instructions on the Bid Bond Form 3.

72. Will the City consider reducing the Performance and Payment Bond amounts to 50% of the MAG or something more reasonable than 100% of the MAG?

Response: No.

73. Will the City consider removing the requirement to be covered for medical expenses under Exhibit D (Insurance & Bonding Requirements), Section C?

Response: Yes.

74. Please confirm when the Bid Security will be returned to Bidders.

Response: The Bid Security will be returned once a contract has been executed to the awarded bidder.

75. On page 14, Section 11, g.; Financial Offer; if a proposer bids any percentage over sixty-five percent (65%) or bids classification of different media types (static vs. digital) at, above or below sixty-five percent (65%), will they be disqualified?

Response: Yes.

76. On page 16, Section 13, f., please reconfirm that only items 1, 3, 5, 6, 7, 8 and 10 are due to be provided in the bid response.

Response: Please follow the instructions listed in Part 1, Section 13f.

77. Please reconfirm Delta Airlines acceptance of the four (4) locations for wall wraps in South Ticketing and South Bag Claim (MD25/MD26, for M-WW.1 to M-WW.4)

Response: Please see response to question #28 above.

78. Are the existing 3-Sided Vertical LCD Kiosks in Concourse F Retail Court, Ticketing and Security Checkpoint areas going to be available to be networked to provide the same advertising content as those outlined for the bidder to install at Lower Level Concourse F Bag Claim, Train Stations, GICC Station and Rental Car Center? Are any of these digital locations already promised to have content available to Concessions, Restaurants, community groups currently operating on them?

Response: Any existing 3-Sided Vertical LCD Kiosks, currently located in the Concourse F Retail Court, Ticketing and Security Checkpoint are not a part of the Advertising Displays Matrix. No 3-Sided Vertical LCD Kiosk to be installed by the successful bidder has been promised to any other entities within the City of Atlanta.

79. It is noted that there is major construction at the C Concourse center point, including the escalator bays, which resulted in the removal of the soffit areas which were used for advertising in the past. In the renovation/expansion of the Concourse D center point area, a "wave" ceiling pattern was

utilized, which does away with the soffit areas. Please confirm the future existence of soffit areas in the final configuration of Concourse C, as well as any future comparable renovations at Concourses A and B forthcoming.

Response: The airport will work with the contractor regarding the removal or replacement of any advertising locations throughout the term of the contract.

80. Please confirm that the South Terminal will not have any locations in the Clock Program.

Response: There were no clocks identified in the South Terminal.

81. What are the ridership numbers for the AGT on a monthly basis? On the train system to/from the Rental Car Center/GICC/Train Station?

Response: Ridership is not currently tracked on the PlaneTrain. ATL SkyTrain average monthly ridership is 443,000.

82. The Airport Advertising business is indeed, very different from other airport concessions. First and foremost, the advertising concession does not receive any money from travelers, airline passengers or those that circulate through the terminals. Food & Beverage, Retail, and Service Concessions generate cash. Advertising Concessions generate receivables. These receivables are derived from companies wishing to promote their goods and services to airport patrons through advertising campaigns. These receivables often take many months to collect, especially when dealing with third party media buyers which, as a rule, represent most national accounts. It is important to understand these differences when contemplating Minimum Annual Guarantees (MAG), potential transition periods, rent percentages and capital improvements because a typical Airport Concession contract model does not work well, or apply directly to advertising concessions.

Additionally, advertising campaigns (especially national accounts) are budgeted and purchased many months in advance. For instance, advertising for the Superbowl (in February) is usually purchased in September and October of the previous year. Airport advertising is no different. A campaign which is sold in September of 2014, can be posted in January 2015, billed in February and collected in June. The advertising concessionaire actually receives payment 10 months after the initial sale!

Since the advertising concession at HJIA began, approximately 33 years ago, the concession has been operated on a percentage only basis. A transition period with a percentage only rental payment would enable a new concessionaire to avoid being saddled with enormous debt in the initial stage of the concession. This is particularly important when trying to attract more diverse bidders, especially bidders with strong local connections to Atlanta. Further, the current bid scenario is highly favorable to the incumbent's bid and puts the other bidders at a distinct disadvantage. Ideally, the MAG should start a year after the completion of installation of the new advertising equipment as is common in airports around the country. Every airport advertising concession we manage and operate has provided for a transition period to allow time for equipment

installation. Will the airport consider a percentage only transition period until equipment installation is completed?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

83. The normal standard in the industry is to provide for an interim or transition period at the commencement of the term to allow a new concessionaire time to get new equipment fabricated and installed. The Service Agreement included at Part 3 does not provide for any transition and would require a new concessionaire to begin making MAG payments beginning on the "Effective Date". Only the current concessionaire would not be adversely impacted in this situation. This puts the current concessionaire in a highly favorable position with respect to bidding, which we do not think is the intent of the Airport. Why is there no provision for an interim or transition term during which the MAG would be waived and only the percentage rent would be due?

Response: Please see the changes referenced above.

84. The Minimum Annual Guarantee (MAG) bid amount of \$10,000,000 is too high. This is based both on industry standards and the bid document. It is the industry standard to set MAG's on the previous year's sales. This is also outlined in the sample concession contract attached in this ITB. The year one MAG is an open bid. Years two through ten are the greater of the MAG or 85% of payments to the City. Last year's sales were roughly \$13,000,000. At the set rent percentage of 65%, the City would have received around \$8,450,000. 85% of \$8,450,000 is \$7,182,500. Again, the current MAG puts the incumbent concessionaire in an extremely favorable position as they have existing contracts which will pay the revenue from day 1. All of the other bidders will be extremely disadvantaged under the proposed scenario as the normal business cycle means that we potentially will not receive any revenue from advertising for 6-9 months. As such, the current MAG of \$10 million highly favors the incumbent concessionaire. Would the airport consider reducing the minimum first year MAG bid amount to \$7,182,500?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

85. The Invitation to Bid outlines annual changes in the MAG; however, the contract does not provide for such changes. Will the contract language be amended to comply with the language in the Invitation to Bid?

Response: The contract appropriately includes the formula for determining the annual increase to the MAG.

86. Inasmuch as the Bidders submitting bids have all been deemed to be qualified under the first stage of this competitive bid process, will the award go to the Bidder submitting the best Financial Offer to the City or will the subjective criteria set forth in Section 2-1188 (k) be considered and cited by the City as justification in the event the award is not given to the Bidder with the best Financial Offer to the City? As a bidder with deep connections to the Atlanta community, we believe that the overall objectives of the City will be better served by factoring in other criteria in addition to the MAG.

These would include local content, local job creation, and local economic development. How will the City weigh the 11 items for consideration under Section 2-1188 (k) of the Atlanta City Code in the bid?

Response: If all Bidders are responsive in accordance with those criteria outlined in the Invitation to Bid, then the first year financial offer will be the sole determinant of award.

87. The City has dictated every location and the exact concept to be installed in each location. Will the City confirm that each location and concept to be installed is non-negotiable and will not be changed in the final contract. Is the program currently designed by the City the ONLY program that will be implemented, or will the winner be allowed to engage outside expertise to move the program to worldclass standards (with the City's oversight)?

Response: Please see response to question #28 above.

88. Will the City allow locations/displays to be listed as "optional"?

Response: No, for the purposes of the response to the Invitation to Bid, all bidders should anticipate build-out of all locations.

89. The bid security required in connection with a Bidder's Financial Offer may be in the form of cash, cashier's or certified check or Bid Bond. There is a substantial difference in the cost between a Letter of Credit and a Bid Bond. A Letter of Credit also offers the City greater security. Will the City allow a Bidder to submit an unconditional Letter of Credit in lieu of one of the above forms of bid security?

Response: City of Atlanta Code of Ordinances requires Performance and Payment Bonds however an Irrevocable Letter of Credit in lieu of those bonds is acceptable.

90. Can the Financial Offer submitted by the winning Bidder be changed or modified after the winning Bidder is notified that it has been selected but before final approval and execution of the contract?

Response: No.

91. What is the "Effective Date" as set forth on Page 1 of the Services Agreement included as Part 3 in the Invitation to Bid, and will the "Commencement Date" and "Effective Date" be the same?

Response: Please see the changes referenced above.

92. Are the terms and provisions set forth in the Services Agreement for Commercial Advertising at Hartsfield Jackson International Airport included as Part 3 in the Invitation to Bid subject to negotiation and change after the winning Bidder is notified of selection?

Response: Please see response to question #24 above.

93. Paragraph 22.5 of the proposed agreement (Termination by the City for Convenience) allows the City to terminate the agreement at any time, without cause, and forces the concessionaire to waive any claims for damages. This is totally unjust, especially considering the huge capital investment that will be made by the Concessionaire. Will the City consider adding a provision to compensate the concessionaire for the unamortized costs for capital expenditures and/or provide for a termination fee to be paid to the concessionaire in the event of such termination?

Response: Thank you for your recommendation, however, DOA will not be making such changes at this time.

94. City employees commented at the pre-bid conference that they will be looking for "out of the box" ideas as part of the bid. We believe that the City will ultimately be better served both financially and branding wise from creative, innovative thinking. Will the City allow bidders to propose "out of the box" ideas and add that value to the value of the total bid?

Response: Please see response to question #28 above.

95. The City has suggested that the marketing dollars which are allocated to the promotion of the on-site concessionaires would continue in the new advertising program. Will the City please establish an annual commitment level for marketing dollars to be allocated to the advertising concession? Will this commitment be consistent with the current amount of \$500,000/year?

Response: Please see response to question #40 above.